

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2902-01
BILL NO.: HB 1271
SUBJECT: Military Affairs; Bonus for Veterans
TYPE: Original
DATE: January 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$21,548,103)	(\$42,908,242)	(\$21,553,312)
Total Estimated Net Effect on <u>All</u> State Funds **	(\$21,548,103)	(\$42,908,242)	(\$21,553,312)

**** SUBJECT TO APPROPRIATION**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Adjutant General** assume this proposal would make eligible approximately 213,600 veterans (132,000 World War II and 81,600 Korean Conflict veterans, not WWII veterans) currently residing in Missouri. This projection does not include any veterans who were residents of Missouri at the time of entry in to the service and participated in World War II that are still alive, but no longer live in Missouri. This fiscal note estimate assumes that survivors of veterans who are deceased prior to the passage of this legislation would not be eligible for bonus payments. Also, this estimate projects the payment at the maximum impact of \$400 per veteran, or approximately two years three months foreign service. If each veteran would be eligible to receive the \$400 payment, the one-time cost to Missouri would equal \$85,440,000 (213,600 x \$400). It is assumed that the money would be appropriated to General Revenue and that approximately \$21,360,000 would be paid out in FY 01, \$42,720,000 in FY 02 and \$21,360,000 in FY 03.

The Office of the Adjutant General assumes the need for four additional full-time temporary personnel (4 FTE) to administer the program. These additional staff would include one Veterans Benefit Program Administrator (at \$34,992 annually), one Clerk Stenographer (at \$20,172 annually), one Accountant (at \$29,184 annually) and one Account Clerk II (at \$22,164 annually). Total administrative costs, including expense and equipment, is anticipated at approximately \$135,000 per year. It is projected that all veteran bonus payments would be completed by the end of FY 03, and no further expenses would be needed.

Even though the proposal is silent on this issue, **Oversight** assumes the Office of the Adjutant General would be responsible for administration of this act. Also, Oversight assumes the need for 3 FTE (1 Benefit Program Administrator, 1 Clerk Stenographer and 1 Accountant) including necessary expense and equipment to administer the program. Costs are adjusted to reflect expenses associated with three additional FTE in the fiscal impact specifications below.

The legislation indicates that monies will need to be appropriated, but is silent as to which fund. **Oversight** assumes appropriation would be to the General Revenue Fund.

Officials from the **Department of Public Safety - Missouri Veterans' Commission** assume the proposed legislation would result in additional expenses associated with researching qualified applicants. They have estimated annual costs at approximately \$55,000 for mailing and other administrative costs for research, records search, etc.

ASSUMPTION (continued)

Officials from the **Office of Administration (COA)** stated that this proposal would not result in additional costs or savings to their office.

Officials from the **Office of Administration - Division of Personnel (COA)** stated their office did not have the military service related records necessary to estimate the fiscal impact of this bill.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE

Costs - Adjutant General's Office

Personal Service (3 FTE)	(\$71,758)	(\$88,617)	(\$90,834)
Fringe Benefits	(22,066)	(27,250)	(27,931)
Expense and Equipment	(48,573)	(15,656)	(16,126)
Total <u>Costs</u> - Adjutant General's Office	(\$142,397)	(\$131,523)	(\$134,891)

Costs - MO Veterans' Commission

Expense	(\$45,706)	(\$56,719)	(\$58,421)
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<u>Costs - Bonus Payments to Veterans ***</u>	(\$21,360,000)	(\$42,720,000)	(\$21,360,000)
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**ESTIMATED NET EFFECT TO
GENERAL REVENUE FUND**

(\$21,548,103) (\$42,908,242) (\$21,553,312)

-- SUBJECT TO APPROPRIATION --

*** INCLUDES ONLY SURVIVING VETERANS.

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

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DESCRIPTION

This bill requires the state to pay a \$15 per month bonus for each month of active foreign service during World War II or the Korean Conflict to all honorably discharged veterans or certain surviving family members of veterans. The bonus may not exceed \$400. Persons receiving the bonus must have been a legal resident of the state at the time of entering military service. The bonus may not be paid if the person has received a bonus from any other state, is incarcerated for conviction of a felony, or violated the Selective Service Act. No bonus is taxable or subject to the claim of any creditor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

This proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Office of the Adjutant General
Department of Public Safety - Missouri Veterans' Commission
Office of Administration
Office of Administration - Division of Personnel

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
January 24, 2000